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FISCAL IMPACT STATEMENT

LS 6661

BILL NUMBER: SB 210

NOTE PREPARED: Mar 4, 2003

BILL AMENDED: Feb 20, 2003

SUBJECT: Post-Mastectomy Coverage.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Summers

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires an accident and sickness insurer and a health maintenance organization to provide notice of post-mastectomy coverage. The bill removes a provision limiting coverage for certain post-mastectomy care.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill removes a provision limiting coverage for certain post-mastectomy care. Consequently, the bill is estimated to increase state expenditures for employee health insurance by \$336,000 per year. The state may choose to absorb any additional costs of these provisions or to pass these costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered. [Note: The state expenditure associated with this bill has been revised from the previous note due to changes in the state employee health plan census numbers and plan rates. Many state employees changed plan type during the recent open enrollment due to cost increases.]

Three of the state's employee health benefit providers indicate that the benefit would increase premium rates. One indicated that it would not change premiums, and one insurer did not respond with specific information. This bill does not directly apply to the state traditional plan. Any impact on the state traditional health plan is contingent on administrative action. There are approximately 36,000 employees enrolled in state employee health plans and approximately 16,500 are enrolled in HMOs. It is estimated that state employee plan cost for single coverage by HMOs would increase \$4 per year and \$11 per year on average for family coverage.

Background: Federal law implemented in 1998 requires that health insurance issuers provide specific post-mastectomy care. However, the law does not apply to states that had laws pertaining to post-mastectomy

coverage prior to October 21, 1998. Indiana required post-mastectomy care in policies of health insurance and health maintenance organizations issued after July 1, 1997. It is unclear as to whether the Federal law preempts the state law in Indiana.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) School corporations and local governments purchasing health benefit coverage on their own may incur increased premiums due to the mandated benefits in this bill. Local government groups enrolled in the Local Unit Government Employee (LUGE) health plan may experience increased rates as well. The LUGE participants have the same benefits as state employees and are part of a separate risk pool. Cost to the LUGE will be disproportionately higher than that for state employees, due in part to a smaller risk pool and adverse selection. As of December 19, 2002, there were 28 local government groups enrolled in the plan providing coverage for 868 employees.

It is unknown if local groups would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All local units of government and local school districts that do not provide these services currently.

Information Sources: Keith Beesley, State Department of Personnel, 317-232-3062; 29 U.S.C. 1185b

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